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DEPARTMENT FOR WHA/BSC AND PM/RSAT. OSD/WHA FOR DASD
JOHNSON, SOUTHCOM FOR BGN FADOK

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TAGS: BR PREL MARR MOPS
SUBJECT: SCENESETTER FOR THE NOVEMBER 20 BILATERAL DEFENSE
WORKING GROUP

Classified By: Political Counselor Stephen Liston. Reason: 1.5 (d)

¶11. (C) SUMMARY. The revival of the Bilateral Working Group (BWG) with Brazil comes at an important time for our strategic partnership. With Nelson Jobim as Defense Minister, Brazil has, for the first time, effective civilian leadership and a mandate to modernize its armed forces. As Brazil completes its new defense strategy, it will be making key decisions, notably on the purchase of new fighter aircraft, that will affect the nature of our relationship for years to come. While some Brazilian leaders still find it politically convenient to portray the U.S. as a potential adversary, most of the Brazilian military is well apprised of the potential benefits of partnership. It has been over six years since the BWG last met, because of Brazilian indifference and lack of MOD staffing. The BWG will provide an opportunity to highlight issues of mutual interest and set the stage for this to become a regular event as an important element of our strategy for expanding and strengthening our defense partnership. END SUMMARY.

¶12. (C) The relationship between the United States and Brazil is as productive and broad-based as it has ever been, the result of the excellent relationship between President Bush and President Luiz Inacio Lula da Silva, new cooperation mechanisms on biofuels, business issues, and economic matters, and our shared goals of fostering hemispheric stability, promoting democracy, developing a consensus on next steps regarding climate change, and achieving a mutually satisfactory conclusion to the Doha round of WTO negotiations. U.S.-Brazil cooperation on foreign policy issues is often limited by the GOB's unwillingness to speak out against anti-democratic actions in the hemisphere (Venezuela and Cuba), take key steps to address key issues such as nuclear proliferation and counterterrorist concerns, and expand its international leadership in meaningful ways. Operational cooperation on law enforcement issues, such as counternarcotics, container security, and intelligence sharing, are highlights of the bilateral relationship. Brazil's ethanol program has made it a global model for alternative energy and offers potential for bilateral cooperation on an important strategic issue.

¶13. (SBU) With approval ratings hovering near 80 percent, President Lula is more popular than at any other point since he took office in 2003. Continuity and legacy are the guiding lights of Lula's second term. Lula continues to shape his legacy as a friend of the poor and builder of a foundation for prosperity for the lower and middle classes through broad social welfare programs and a vast, new economic growth program of public works and growth incentives. At the same time, Lula has failed to promote

needed reforms to abolish a political culture of corruption, clientelism, and spoils.

¶4. (SBU) The United States and Brazil share the basic goals of fostering hemispheric stability, promoting democracy, preventing terrorist and drug transit activity, supporting international non-proliferation regimes, and have been working together to try to achieve a mutually satisfactory conclusion to the Doha round of WTO negotiations. U.S.-Brazil cooperation is often limited by the GOB's unwillingness to take action regarding threats to democracy in specific countries and to support aggressive action in multilateral forums on such issues as non-proliferation, human rights, and democracy. Many Brazilian leaders also take a cautious approach to relations with the United States, sometimes falling back on shopworn Latin American leftist rhetoric about excessive U.S. influence. Brazil maintains an active dialogue with Venezuela and Cuba, has worked hard to restore relations with Bolivia, and has stood firmly on the principle of respect for sovereignty in responding to the dispute between Colombia and Ecuador, preferring to work through the Organization of American States. The attainment of a permanent seat on the UN Security Council has been a central goal of Brazil's foreign policy.

¶5. (U) Brazilians are historically less attuned to development in the United States than many other Latin Americans are, but have recently shown a high degree of interest in events in the U.S., especially the Presidential election. Expectations for the Obama presidency are high, particularly in terms of the U.S. relationship with Latin America. President Lula has invited the President-elect to visit Brazil early in his administration. In discussing the election with Brazilians, post has emphasized the continuity of interests on key foreign policy issues and the continuity of the fundamental interests -- regional stability, promotion of democracy -- that Brazil shares with the U.S.

SECURITY ISSUES

¶6. (C) At President Lula's direction, Brazil is now completing a new defense strategy document to set an overall course on security issues. While not yet published (due to interagency disagreements on several points), it is widely reported that the strategy will have three main elements: modernization of the armed forces, revitalization of defense industries and implementation of a new regime of national service. We expect that an important result of the new strategy will be an increase in funding devoted to national defense, which has been under-resourced since the end of the military government over twenty years ago. The resurgence of importance of the Brazilian military presents a unique opportunity to increase our bilateral cooperation and defense partnership. Several issues will be key in determining the degree to which we will succeed in enhancing our partnership.

¶7. (C) The first potential watershed in achieving a more robust defense relationship with Brazil will be the decision on a next generation fighter aircraft. Boeing's F18 Super Hornet is a finalist along with the French Rafale and Swedish Gripen. A decision will be made in March 2009, with a final contract award in October of next year. It would be difficult to overstate the significance of Brazil's Air Force committing to a U.S. aircraft as its primary fighter for the next generation. Boeing's proposal combines cutting edge technology with a strong package of industrial cooperation. While the Super Hornet is clearly Brazil's best option both because of its capabilities and the advantages that interoperability with the U.S. military will bring, it is currently perceived as an underdog in the competition. This is because of an effective disinformation campaign from a few members of the Brazilian press with an anti-U.S. agenda that has led most Brazilian decision makers to believe that the U.S. will not transfer superior military technology to Brazil. Several Cold War era denials of military items (e.g. Harpoon missiles) and recent headaches

with commercial exporters of military items (Honeywell gyros) seem to reinforce this perception. While the BWG will not address the fighter purchase directly, the Brazilian side will view discussions of technology transfer in light of their imagined concerns about the fighter purchase.

¶8. (SBU) There are a number of areas with prospects for immediate cooperation. Brazil is considering stationing police and navy officers at JIATF South. The Brazilian military has participated in several major exercises, including UNITAS and PANAMEX with several more in prospect. Brazil has invited U.S. personnel to train at its jungle warfare school in Manaus, however, the high demands on U.S. special forces have prevented acceptance. The Brazilian navy has shown interest in vessels for coastal patrol and in improving their maritime situational awareness capabilities.

¶9. (C) We are in the process of pursuing information sharing agreements with Brazilian services -- potentially leading to a GSOIA. Progress has been slow because of bureaucratic concerns, but Brazil is interested in continuing. We should use the BWG to underline the importance of information sharing and its benefits for both sides. However, it is post's view that making an information sharing agreement a precondition for the fighter sale will doom Boeing's chances, and will do nothing to enhance the prospects of reaching an information sharing arrangement with Brazil.

¶10. (C) We have been stalled on our Defense Cooperation Agreement (DCA) for almost a year because of the Ministry for External Affairs, failure to take action and the MOD's unwillingness to burn political capital to push this. While this situation is unlikely to change in the near term, we should remind the Brazilians that the DCA is important for future partnership, especially as it can shorten the process of approval for various future cooperative activities. Brazil has signed a large number of similar agreements this year, so ours will not be a precedent and could be seen in the context of normal friendly mil-mil relations.

¶11. (SBU) The April announcement of the reactivation of the Fourth Fleet caught Brazil by surprise and provoked much negative commentary. Even many Brazilians not prone to accept the wild-eyed theories of U.S. intentions to invade the Amazon suspect that the announcement, coming as it did on the heels of the announcement that Brazil had discovered more oil off the Brazilian coast, could not have been a coincidence. While Brazilian military leaders now say they understand the reasons for the Fourth Fleet's standup, President Lula has recently stated again that it poses some threat to Brazil. Lula's statement was pure domestic politics, and his advisors have assured us that he understands the true nature and purpose of the Fourth Fleet. Nonetheless, the episode both demonstrates and has heightened Brazilian sensitivities with regard to U.S. military actions in the region.

¶12. (SBU) In a similar vein, discoveries of oil off Brazil's coast have been cited as justifications for increasing Brazil's navy. While the oil finds will almost certainly increase Brazil's future prosperity, we should seek to turn the strategic dialogue in Brazil away from fantasies that another country--potentially the United States--would try to seize the oil fields to a productive discussion of energy security and the importance of maintaining freedom of the seas.

¶13. (SBU) This is the first BWG in over six years, and it comes at an ideal time with stronger leadership in the MOD that is truly interested in building our defense partnership. The best possible result will be agreement that such meetings should continue regularly as an ongoing dialogue. The BWG will be followed by a technology security dialogue which will look to establish a channel for regular information exchanges on technology to demystify U.S. export controls and a means to address specific export control cases without political involvement.

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